

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Southern California Water Company (U 133 W) for an Order pursuant to Public Utilities Code Section 851 Approving a Settlement Agreement that will Convey Water Rights in the Culver City Customer Service Area.

Application 02-07-021
(Filed July 11, 2002)

**SCOPING MEMO AND RULING
OF ASSIGNED COMMISSIONER**

Summary

Southern California Water Company (SCWC) seeks approval of a settlement agreement with the City of Santa Monica (the City) that will resolve SCWC's participation in a series of pending lawsuits related to its Charnock Groundwater Basin.

Administrative Law Judge (ALJ) Dean J. Evans held a prehearing conference (PHC) on November 8, 2002. Pursuant to Rules 6(a)(3) and 6.3 of the Rules of Practice and Procedure, I am issuing this scoping memo and ruling to confirm the proceeding category and need for hearing, resolve procedural requests, establish the issues and timetable, and designate the principal hearing officer.

Request to Consolidate, Bifurcate

The Office of Ratepayer Advocates (ORA) filed a protest recommending that this application be consolidated with a pending SCWC general rate case (GRC) proceeding. SCWC replied to ORA's protest stating among other things

that its other case is a GRC in a different rate-setting region and that no efficiencies would be realized by consolidation. We agree with SCWC; we see no efficiencies in consolidating this case with SCWC's pending GRC.

At the PHC, the City made a motion to bifurcate the proceeding in order to address the merits of the proposed settlement and defer the determination of ratemaking related benefits to a future proceeding. The City stated that timing of approval of the Commission is crucial to the finalization of the settlement the City has, individually and as the assignee of SCWC, with the oil and gas companies. SCWC and ORA oppose the City's motion.

We have read the settlement as presented by the City and agree that timing is crucial to the finalization of the settlement.

Scope of Proceeding

This proceeding will address the following issues:

1. SCWC states that it can avoid further expenses associated with the Contamination Lawsuits by assigning to the City all of SCWC's rights and liabilities arising out of the contamination of the Charnock Basin and the associated Contamination Lawsuits.

Assuming this is true, what is the impact on SCWC's ratepayers? Its shareholders?

2. SCWC also states that it can avoid further expenses associated with the Water Rights Lawsuit by conveying to the City all of SCWC's rights to pump groundwater from the Basin.

Assuming this is also correct, how will this affect SCWC's ratepayers? Its shareholders?

3. Should the Commission authorize any other relief, impose any requirements or conditions, or make any other findings in connection with its order in this case?

Timetable

At the PHC, SCWC and ORA stated that they hoped to agree to a negotiated settlement at some future date. That may or may not happen.

Therefore I propose the following schedule:

SCWC and the City submit testimony and exhibits as necessary	December 6, 2002
ORA submits its testimony and exhibits	February 6, 2003
Evidentiary Hearing	March 4-7, 2003
Opening Briefs Due	To be Determined (TBD) After Evidentiary Hearings are Completed
Written Request for Final Oral Argument	TBD
Reply Briefs Due, Submission of Proceeding	TBD
Proposed Decision	TBD
Comments on Proposed Decision	TBD
Final Decision	TBD

Resolution should not exceed 18 months from the date the application was filed. I authorize ALJ Evans to make reasonable adjustments to the proposed schedule, consistent with timely resolution of the application.

Category

In Resolution ALJ 176-3092, the Commission preliminarily determined that this is a ratesetting proceeding, and no party at the PHC took issue with the proposed category. I concur that this is a ratesetting proceeding.

Need for Hearing

In Resolution ALJ 176-3092, the Commission preliminarily determined that no hearing is needed. After considering the application, the protest and the PHC statements of the parties as described above, I conclude that a hearing is needed.

Rule 6.5(b) states:

If the assigned Commissioner, pursuant to Rules 6(a)(3)...changes the preliminary determination on need for hearing, the assigned Commissioner's ruling shall be placed on the Commission's Consent Agenda for approval of that change.

I will be seeking Commission approval of this change as required by Rule 6.5(b).

Principal Hearing Officer

ALJ Dean J. Evans is designated as the principal hearing officer (Rule 5(1)), and thus will be the presiding officer under Rule 5(k)(2).

Final Oral Argument Before the Commission

Any party wishing to exercise the right under Rule 8(d) to make a final oral argument before the Commission must file a written request and serve it on all parties and the assigned Commissioner and assigned ALJ not later than the case submission date.

IT IS RULED that:

1. The issues to be considered are those described in this ruling.
2. The timetable for the proceeding is as set forth herein.
3. This is a ratesetting proceeding.
4. A hearing is needed.
5. ALJ Evans is the principal hearing officer.
6. Santa Monica's request for bifurcation is granted.
7. Any party wishing to make a final oral argument before the Commission must file a written request and serve it on all parties and the assigned Commissioner and assigned ALJ not later than the case submission date.

Dated December 6, 2002, at San Francisco, California.

/s/ HENRY M. DUQUE

Henry M. Duque

Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Scoping Memo and Ruling of Assigned Commissioner on all parties of record in this proceeding or their attorneys of record.

Dated December 6, 2002, at San Francisco, California.

/s/ TERESITA C. GALLARDO

Teresita C. Gallardo

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.